

STATE OF FLORIDA

Commissioners:
JOE GARCIA, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
E. LEON JACOBS, JR.

DOCKET FILE COPY ORIGINAL

DIVISION OF POLICY ANALYSIS &
INTERGOVERNMENTAL LIAISON
CHARLES H. HILL
DIRECTOR
(850) 413-6800

PUBLIC SERVICE COMMISSION RECEIVED

APR 12 2000

April 3, 2000

FCC MAIL ROOM

VIA ELECTRONIC FILING AND U.S. POSTAL SERVICE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, SW - TW-A325
Washington, DC 20554

Re: CC Docket No. 96-267, Access Charge Reform
CC Docket No. 94-1, Price Cap Performance Review for Local Exchange Carriers
CC Docket No. 99-249, Low-Volume Long Distance Users
CC Docket No. 96-45, Federal-State Joint Board On Universal Service

Dear Ms. Salas:

Enclosed please find the original and five (5) copies of the Florida Public Service Commission Comments in the above-noted dockets. Please date stamp and return one copy in the enclosed self-addressed envelope.

Sincerely,

/s/

Cynthia B. Miller
Intergovernmental Counsel

CBM:tf

cc: Brad Ramsay, National Association of Regulatory Utility Commissioners
Wanda Harris, Competitive Pricing Division (3)
International Transcription Service with diskette

No. of Copies mcd 013
List ABCDE

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC

In the Matter of:)	
)	
Access Charge Reform)	CC Docket No. 96-262
)	
Price Cap Performance Review for Local)	CC Docket No. 94-1
Exchange Carriers)	
)	
Low-Volume Long Distance Users)	CC Docket No. 99-249
)	
Federal-State Joint Board)	
On Universal Service)	CC Docket No. 96-45
)	

**COMMENTS OF THE FLORIDA PUBLIC SERVICE COMMISSION
ON ALTERNATE CALLS PROPOSAL**

The FPSC commends the proponents of the CALLS proposal for continuing to work to bring a more palatable product to the public. Favorable changes include: (1) a lowering of the subscriber line charge (SLC) cap from \$7.00 to \$6.50; (2) some elimination of the minimum usage charges; and (3) a commitment to implement a consumer information program.

Nevertheless, there are still a number of areas where we have concerns. The proposal states that the CALLS plan "substantially reduces charges to consumers." (CALLS, p. 5) Certain provisions in the proposal may belie this statement. In our view, the most meaningful benefit to consumers would be elimination of certain minimum usage charges, as discussed below. Yet we want to make sure these benefits are real.

To help mitigate the increasing SLC charges, the CALLS plan has been revised to begin the progression of SLC caps at a lower level than was previously proposed, and to retain a lower level throughout the five-year period. The highest SLC cap level of \$6.50 will be reached by July 1, 2003. This is \$0.50 less than the maximum level of the previous CALLS proposal.

However, the proposal requires price cap ILECs to establish a separate rate element to recover their universal service contributions from end users, where those contributions were formerly included in price cap baskets and, therefore, paid by IXC's. The provision allows for recovery to be accomplished via a flat-rate charge or as a percentage of interstate retail revenues. Although we do not know how much such a pass-through would be, it might offset, or even exceed, the benefit derived from the lowered SLC rate. Thus, customers could pay more under the CALLS plan than they would under the status quo.

The claim was also made that, in addition to the changes in the progression of the SLC caps, "AT&T's and Sprint's unilateral long distance pricing commitments remove any basis for concern that the CALLS plan will harm callers who make few long distance calls." (CALLS, p.7) Yet a closer examination of the companies' statements shows their commitments to be weak and ineffective.

AT&T includes numerous caveats in its *ex parte* comments of February 25, 2000. AT&T states that it will eliminate the minimum usage requirement on its residential interstate Basic Schedule for 5 years. This appears to be a generous concession made in order to further the CALLS proposal. However, what AT&T then adds all but cancels this promise. Our most serious concern lies with the fact that AT&T will not be held to its commitment "if one or more carriers with a combined market share of at least 10 percent total interstate interexchange revenues" maintains a minimum usage or similar charge on its basic rate schedule.

(AT&T February 25, 2000, *ex parte* statement, p. 1) MCI/WorldCom has more than a 10 percent market share. Thus, it appears that AT&T's commitment is contingent upon the behavior of MCI/WorldCom, a company that is not a signatory to the CALLS proposal.¹

Similarly, Sprint has committed to providing at least one basic rate plan for the duration of the CALLS plan with no minimum charge,

. . . provided that if any other interexchange carrier that is now or hereafter a party to the CALLS plan reserves the right to impose a MUC [minimum usage charge] on its basic rate plan prior to the termination

¹If the merger proposal between Sprint (a signatory to the CALLS proposal) and MCI (a nonsignatory to the CALLS proposal) is approved by the FCC, this would result in even fewer providers refraining from charging a minimum user fee.

of the CALLS plan, Sprint reserves the right to do so as well under similar terms and circumstances. (Sprint February 25, 2000, *ex parte* filing, p. 1)

As we have already discussed, AT&T has indicated it is reserving the right to impose a minimum charge under certain circumstances, including the imposition of such a charge by carriers who are not signatories to CALLS. Thus, Sprint's commitment is no more firm than AT&T's.

We believe it is critical for consumers to have the choice of at least one long distance plan that does not have a minimum charge or monthly fee. While we commend AT&T and Sprint for recognizing this fact, we believe that they have not made a sufficiently firm commitment to eliminate the minimum charge for consumers. Given the dependence of the CALLS proposal upon this promise to ensure a benefit for low-volume consumers, we believe it is critical to the success of the plan for its proponents to make their commitments firm, not dependent upon the actions of a carrier that is not a signatory to the plan.

AT&T and Sprint serve 64% of the residential toll market nationwide.² A firm commitment from these two companies would provide significant relief to low-volume consumers by eliminating one of the many flat charges that has arisen in recent years, and

²Table 11-5, *FCC Trends in Telephone Service*, September 1999.

Comments of the Florida Public Service Commission
CC Dockets 96-262, 94-1, 99-249, and 96-45

would give comfort to the FPSC that most customers would receive a benefit as a result of the CALLS plan, even though that benefit may come indirectly through elimination of a minimum charge.

We believe that if the FCC grants the CALLS petitioners this plan, then AT&T might wish to consider withdrawing its petition for certiorari to the U.S. Supreme Court on the decision, *Texas Office of Public Utility Counsel v. FCC*, 183 F.3d 393 (5th Cir. 1999). We understand that one of the benefits of the proposal is supposed to be some cessation of all the litigation on universal services and access charges resulting from the 1996 Telecommunications Act. Such a withdrawal of the litigation would be evidence of the sincerity of this purported goal.

Respectfully submitted,

/s/

Cynthia B. Miller, Esquire
Bureau of Intergovernmental Liaison

FLORIDA PUBLIC SERVICE COMMISSION
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0872
(850) 413-6082

DATED: April 3, 2000.

CERTIFICATE OF SERVICE

I hereby certify that copies of these FPSC comments are being mailed to approximately 200 parties on an abbreviated compilation of the service lists for the above dockets.

Respectfully submitted,

/s/

Cynthia B. Miller
Intergovernmental Counsel

DATED April 3, 2000.